

Tobin & Co.

Milton Township

Antrim County, Michigan

Audit Report

For the Year Ended March 31, 2008

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended

Unit Name Milton Township	County Antrim	Type Township	MuniCode 05-1120
Opinion Date 7/29/08	Audit Submitted 9/30/08	Fiscal Year 3/31/08	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/> 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> 5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> 6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input type="checkbox"/> 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> 12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/> 18. Are there reported deficiencies? <input type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	686,242
General Fund Expenditure:	553,508
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	653,551
Governmental Activities Long-Term Debt (see instructions):	555,085

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations)

CPA (First Name) JOHN	Last Name TOBIN	Ten Digit License Number 1101005221		
CPA Street Address 460 E. 8th	City TRAVERSE CITY	State MI	Zip Code 49686	Telephone 231-947-0151
CPA Firm Name TOBIN & Co	Unit's Street Address 7023 CHERRY AVE	City KEWADIN	Zip Code 49648	

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Table of Contents

INTRODUCTORY SECTION

Comments and Recommendations	4 - 6
------------------------------	-------

FINANCIAL SECTION

Accountant's Report	8
Management's Discussion and Analysis	9 - 12

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Assets	13
Statement of Activities	14

Governmental Funds:

Balance Sheet	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances	17

Fiduciary Funds

Statement of Fiduciary Net Assets	18
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Notes to Basic Financial Statements	19 - 24
-------------------------------------	---------

SUPPLEMENTAL DATA SECTION

Required Supplementary Information:

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

1 - General Fund	26 - 29
2 - Fire Fund	30
3 - Weathertop Special Assessment District	31

Non-major Governmental Funds:

3 - Combining Balance Sheet – All Non-Major Funds	32
4 - Combined Statements of Revenues, Expenditures and Changes in Fund Balance – All Non-Major Funds	33
5 - Statement of Changes in Assets and Liabilities – Current Tax Collection Fund	34

Other Supplementary Information:

6 - 2007 Property Tax Levy and Collection	35
7 - Statement of Revenues and Expenditures and Balance – Property Tax Administration Fees	36

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INTRODUCTORY SECTION

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Comments and Recommendations

We have audited the basic financial statements of Milton Township, Antrim County, for the year ended March 31, 2008 and have issued our report thereon. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal control of Milton Township taken as a whole. As a result of our examination, we respectfully submit the following comments and recommendations.

General

We found the financial records to be in excellent condition this year. Transactions were, for the most part, posted to correct accounts, and the posting of similar transactions was handled consistently during the year. The records of the clerk were reconciled to the bank records maintained by the treasurer. The required adjustments to the financial records this year were minimal compared to those required in previous years. In a separate management letter, we have addressed accounting records matters which came to our attention and recommended steps to address these matters.

Budgets and Procedures

The Township prepared and adopted budgets for all funds. In the General Fund, three cost centers exceeded expenditure budgets.

Comparisons with actual expenditures compared to budgets should be reviewed monthly, and budgets should be amended if it appears that actual expenditures will exceed the budgeted amounts. It is advisable that budgets be established with a "cushion" so that budget overruns do not inadvertently occur.

Disbursements

There are some instances in which payment for purchases by the Township and to individual employees of the Township does not appear proper. Those instances are as follows:

It appears from looking at the records that Mr. Reigler is paid a gas allowance for use of his personal vehicle on Township business. The Internal Revenue Service regulations require that, if an individual is paid for out-of-pocket expenses and does not provide an accounting to show that those funds were used for Township business, the amount is taxable income to the employee. On the other hand, if Mr. Reigler were to provide mileage logs showing the miles traveled and the per mile reimbursement rate authorized by the Internal Revenue Service and the calculated amount equaled or exceeded the advance, that would qualify as an accountable plan and would not represent taxable income to him. This issue should be addressed as soon as possible.

When we were reviewing the documentation supporting disbursements during the year, we found that purchases from the Village Market quite often appeared to include some purchases that are illegal for local governments. For example, a purchase that was paid for on April 9, 2007 with check 18770 to the Village Market included candy, Tylenol, and a greeting card. Further, a payment on May 11, 2007 with check 18856 to the Village Market included payment for candy. It appears that those items are illegal expenditures for local units of government; the board members should review underlying documentation closely to make sure that payments are made only for legal purchases.

The Township pays for gym memberships for some firefighters. This is not legal. In order for this type of expenditure to be legal, the Township would have to adopt a policy that is a training requirement. All firefighters would have to participate in physical activities at the gym, and the Township would have to keep records monitoring and verifying that all firefighters fulfill their required training.

Bank Accounts

All Township deposits are at one bank, and of those funds \$1,242,680 is uninsured by the Federal Deposit Insurance Corporation at March 31, 2008. While we are not recommending any modification to existing bank relationships, the Board should continue to be aware of this fact and monitor the safety of the Township's assets.

Bank accounts were properly reconciled during the year, and balances were reconciled with the clerk's records.

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Comments and Recommendations

Government-wide Financial Statements

The total net assets of the Township were \$2,975,994 at March 31, 2008. Of this total, \$1,363,830 consists of the undepreciated cost of capital assets, net of related debt, and \$809,285 is unrestricted and may be used for the general operation of the Township.

The net assets of the Township increased by \$212,190 as indicated in the Statement of Activities for the year ended March 31, 2008.

General Fund

The General Fund is presented on Schedule 1. The fund balance increased during the year by \$132,784 and amounted to \$653,551 at March 31, 2008.

Fire Fund

This fund, presented on Schedule 2, is used to account for a special voted levy for fire protection. The Fund balance increased by \$78,569 during the year, and the ending Fund balance was \$628,158.

Weathertop Special Assessment District

This Fund accounts for road improvements in Weathertop subdivision. The debt incurred to finance the road improvements is being repaid as special assessments are received from subdivision property owners.

Liquor Law Enforcement Fund

This Fund, presented on Schedules 4 and 5, is used to account for liquor license refunds from the State of Michigan. These fees may be used only to enforce the State liquor laws. The Fund balance at March 31, 2008 was \$6,660.

Park Fund

This Fund, presented on Schedules 4 and 5, was created to account for transactions relating to the Township parks. Revenues amounted to \$150. The Fund balance at March 31, 2008 was \$14,279.

Special Revenue Funds

The Township should create a Special Revenue Fund to account for revenues received for the Metro Act. The new fund will be similar to the Fire Fund.

Property Tax Administration Fees

As permitted by statute, Milton Township levied a 1% administration fee on all 2007 property taxes. This fee may be used only for such property tax administration expenses as assessing, collecting, and the review and appeal process. As noted on Schedule 8, the accumulated excess of expenses over fee collections at March 31, 2008 was \$90,784. Costs allocated to the administration fee should be reviewed each year.

Property Tax Collections

The collection of the 2007 tax levy was handled well by the Township Treasurer. Paid receipts were filed in order of payment, and deposits appeared to be made timely and intact. Distributions were made to taxing units as required.

Capital Assets

Capital assets are required to be depreciated over their useful lives with the undepreciated cost presented in the Statement of Net Assets.

Insurance and Surety Bond Coverage

Records reflect that the Township has such coverage as fire and extended coverage, general liability, equipment, errors and omissions, crime and workmen's compensation. Coverage was reviewed during the audit year. The Clerk, Treasurer, Deputy Clerk, Deputy Treasurer, have surety bond coverage.

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Comments and Recommendations

Inter-fund Loans

There were no inter-fund loans during the year.

Payroll Procedures

For the most part, payroll records appeared to be in proper order. Computerized records are being utilized in calculating and issuing paychecks and generating information for payroll tax reports.

Other Data

We were pleased to note the use of interest bearing accounts which resulted in earned interest of over \$37,000 for the audit year. We commend efforts of the Treasurer and Board members in this important area of financial management.

After completion of our audit, we will submit the necessary copies of our report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor in the conduct of this audit.

Your confidence is respected. Please contact us if questions arise or assistance is needed.

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FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITOR

To the Township Board
Milton Township
Antrim County
Kewadin, Michigan 49648

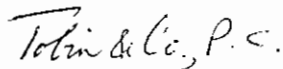
We have audited the accompanying financial statements of the governmental activities and each major fund of Milton Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities and each major fund of Milton Township at March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Table of Contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements of Milton Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



TOBIN & CO., P.C.
Certified Public Accountants
July 29, 2008

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MILTON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Township Administrative Officials of the Milton Township, Antrim County, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Milton Township for the fiscal year ended March 31, 2008.

Financial Highlights

The assets of Milton Township exceeded its liabilities at the close of the most recent fiscal year by \$2,975,994. Of this amount, \$809,285 may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Township's governmental funds reported combined ending fund balances of \$1,322,454, an increase of \$205,753 in comparison with the prior year. This amount, \$653,551, is available for spending at the Township's discretion.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$653,551, or 118% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Milton Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

1. Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-section business.

The **statement of net assets** presents information on all of the Township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Township include: General Government, Public Safety, Road Projects, Recreation and Culture, and Township Improvements. Milton Township does not have any business-type activities (examples would include water and sewer, golf courses, etc.).

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Milton Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Milton Township are categorized as governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Milton Township maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, and Weathertop Special Assessment Fund which are considered to be major funds. All Township government activities are included in these six funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and other major funds to demonstrate compliance with this budget.

3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Analysis and Highlights

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$653,551. Unreserved fund balance represents 118% of total general fund expenditures for the year.

The fund balance of the Township's general fund increased by \$132,784 during the current fiscal year.

Differences between the original budget and the final amended budget were minimal. No increase or decrease in appropriations of the total budget was made during the year. The total dollars spent in general fund activities was \$148,714 less than appropriated.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services

Analysis of Balances and Transaction of the Other Township Funds

The Fire Fund is maintained by a special assessment district millage of one mil. These funds can only be used in conjunction with our Fire Department operations. Property taxes collected during the year amounted to \$262,531. At the end of the current fiscal year, the total fund balance was \$628,158. This fund increased by \$78,569 over the previous fiscal year's fund balance.

Condensed Financial Information

	Net Assets	
	Governmental and Total Activities	
	3/31/08	3/31/07
Current Assets	\$ 1,383,910	\$ 1,264,708
Capital Assets	1,918,915	1,972,008
Other Long-term Assets	<u>231,426</u>	<u>237,670</u>
Total Assets	3,534,251	3,474,386
Current Liabilities	96,917	173,951
Long-term Debt	<u>461,340</u>	<u>611,385</u>
Total Liabilities	558,257	785,336
Net Assets:		
Investment in Capital and Intangible Assets	1,918,915	1,360,623
Restricted	247,794	254,038
Unrestricted	<u>809,285</u>	<u>1,074,389</u>
Total Net Assets	<u>\$ 2,975,994</u>	<u>\$ 2,689,050</u>

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Activities

	Governmental and Total Activities	
	<u>3/31/08</u>	<u>3/31/07</u>
Program Revenues:		
Charges for Services	\$ 44,774	\$ 46,367
General Revenues:		
Property Taxes	729,467	702,496
State Shared Revenues	150,109	149,021
Other	<u>93,496</u>	<u>120,125</u>
Total Revenues	1,017,846	1,018,009
Expenses:		
Legislative	31,012	27,159
General Government	431,283	280,783
Public Safety	150,836	295,514
Public Works	75,700	135,228
Recreation and Cultural	52,240	149,383
Other	<u>64,585</u>	<u>61,669</u>
Total Expenses	<u>805,656</u>	<u>949,736</u>
Change in Net Assets	<u>\$ 212,190</u>	<u>\$ 68,273</u>

Capital Asset and Debt Administration

Capital Assets

The Township's investment in capital and intangible assets for its governmental activities as of March 31, 2008, amounts to \$1,918,915. This investment in capital assets includes: several parcels of land, Township Hall, Fire and Rescue Barns, Fire and Rescue Trucks and Equipment, and Office Furniture and Equipment. All of our government funds report capital outlays as expenditures. However, in the government-wide financial statements, the cost of the assets is allocated over their useful life. This fiscal year the amount by which depreciation exceeded capital outlays was \$53,092.

The Parks Fund is used for operations and improvements to Township parks. Contributions amounting to \$150 were received during the year. The ending fund balance was \$14,279.

Cash Assets

At the end of the current fiscal year, the Township had \$1,325,626 in cash and other spendable assets. Substantially all of the cash was held in interest-bearing accounts. The Township is limited by State law in how it can invest these funds, and we have made no changes in our investment strategy in several years.

Long-term Debt

At the end of the current fiscal year, the Township had bonded and installment debt outstanding of \$555,085. This was incurred in connection with the acquisition of land, purchase of a fire truck, and a special assessment district road improvement. The purchase of the new fire truck in the prior year was financed with an installment contract of \$316,511, payable over five years.

Pension Plan

The Township has a defined contribution retirement plan for all elected officials and full-time employees (not firemen and seasonal employees). The Township makes contributions equal to 10% of each covered employee's wage. This is an expensed item in the budget and totaled \$17,270 for the fiscal year.

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Currently Known Facts and Conditions

There are no known changes or activities in Township operations.

Requests for Information

This financial report is designed to provide a general overview of Milton Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Lon Bargo, Supervisor, Milton Township, 7023 Cherry Avenue, Kewadin, MI 49648 (231-264-6612).

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Milton Township Statement of Net Assets March 31, 2008

		Governmental Activities And Total
<u>Assets</u>		
Cash and Cash Equivalents		\$ 1,325,626
Special Assessment Receivable:		
Current		16,368
Deferred		231,426
Taxes Receivable		41,916
Capital Assets:		
Land	\$ 383,805	
Other Capital Assets, Net of Depreciation	<u>1,188,722</u>	1,572,527
Intangible Assets, Net of Amortization		<u>346,388</u>
Total Assets		<u>3,534,251</u>
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses		3,172
Long-term Liabilities:		
Due Within One Year		93,745
Due in More Than One Year		<u>461,340</u>
Total Liabilities		<u>558,257</u>
<u>Net Assets</u>		
Invested in Capital and Intangible Assets, Net of Related Debt		1,918,915
Restricted for:		
Special Assessments		247,794
Unrestricted		<u>809,285</u>
Total Net Assets		<u>\$ 2,975,994</u>

See Accompanying Notes to Basic Financial Statements

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Milton Township Statement of Activities March 31, 2008

Functions/Programs	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities and Total</u>
Governmental Activities:				
Legislative	\$ 31,012	\$ -	\$ -	\$ (31,012)
General Government	431,283	44,774	-	(386,509)
Public Safety	150,836	-	-	(150,836)
Public Works	75,700	-	-	(75,700)
Recreation and Cultural	52,240	-	-	(52,240)
Interest on Long-Term Debt	<u>64,585</u>	<u>-</u>	<u>-</u>	<u>(64,585)</u>
Total Governmental Activities	<u>\$ 805,656</u>	<u>\$ 44,774</u>	<u>\$ -</u>	<u>(760,882)</u>
General Revenues:				
Property Taxes				729,467
Grants and Contributions Not Restricted to Specific Programs				150,109
Unrestricted Investment Earnings				37,772
Miscellaneous				<u>55,724</u>
Total General Revenues				<u>973,072</u>
Change in Net Assets				212,190
Net Assets – Beginning				<u>2,763,804</u>
Net Assets – Ending				<u>\$ 2,975,994</u>

See Accompanying Notes to Basic Financial Statements

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Milton Township Balance Sheet Governmental Funds March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Weathertop</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 656,723	\$ 628,158	\$ 16,765	\$ 23,980	\$ 1,325,626
Special Assessment:					
Current	-	-	16,368	-	16,368
Due In More Than One Year	-	-	231,426	-	231,426
Taxes Receivable	<u>22,190</u>	<u>19,726</u>	<u>-</u>	<u>-</u>	<u>41,916</u>
Total Assets	<u>\$ 678,913</u>	<u>\$ 647,884</u>	<u>\$ 264,559</u>	<u>\$ 23,980</u>	<u>\$ 1,615,336</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Wages, Pension, and Payroll Taxes	\$ 3,172	\$ -	\$ -	\$ -	\$ 3,172
Deferred Revenue	<u>22,190</u>	<u>19,726</u>	<u>247,794</u>	<u>-</u>	<u>289,710</u>
Total Liabilities	<u>25,362</u>	<u>19,726</u>	<u>247,794</u>	<u>-</u>	<u>292,882</u>
Fund Balances:					
Reserved	-	-	-	-	-
Unreserved	<u>653,551</u>	<u>628,158</u>	<u>16,765</u>	<u>23,980</u>	<u>1,322,454</u>
Total Fund Balances	<u>653,551</u>	<u>628,158</u>	<u>16,765</u>	<u>23,980</u>	<u>1,322,454</u>
Total Liabilities and Fund Balances	<u>\$ 678,913</u>	<u>\$ 647,884</u>	<u>\$ 264,559</u>	<u>\$ 23,980</u>	
Amounts reported for governmental activities on the statement of net assets are different because:					
Capital and intangible assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					1,918,915
Property taxes receivable are not deferred in the statement of net assets.					41,916
Long-term liabilities do not use current financial resources, and therefore, are not reported in the funds.					(555,085)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.					<u>247,794</u>
Net assets of governmental activities.					<u>\$ 2,975,994</u>

See Accompanying Notes to Basic Financial Statements

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Milton Township Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended March 31, 2008

	<u>General</u>	<u>Fire</u>	<u>Weathertop</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Taxes	\$ 457,462	\$ 262,531	\$ -	\$ -	\$ 719,993
Licenses and Permits	3,125	-	-	-	3,125
State Grants	148,914	-	-	1,195	150,109
Charges for Services	41,649	-	-	-	41,649
Interest and Rents	15,064	23,954	144	-	39,162
Other	20,078	5,272	35,078	150	60,578
Total	<u>686,292</u>	<u>291,757</u>	<u>35,222</u>	<u>1,345</u>	<u>1,014,616</u>
<u>Expenditures</u>					
Legislative	31,012	-	-	-	31,012
General Government	228,674	-	-	-	228,674
Public Safety	50,559	99,114	-	1,163	150,836
Public Works	75,652	-	48	-	75,700
Recreation and Cultural	52,240	-	-	-	52,240
Other	90,054	-	-	-	90,054
Capital Outlay	16,027	43,436	-	-	59,463
Debt Service	9,290	70,638	40,956	-	120,884
Total	<u>553,508</u>	<u>213,188</u>	<u>41,004</u>	<u>1,163</u>	<u>808,863</u>
<u>Excess Revenues (Expenditures) and Net Change in Fund Balances</u>	132,784	78,569	(5,782)	182	205,753
Fund Balance – Beginning of Year	<u>520,767</u>	<u>549,589</u>	<u>22,547</u>	<u>23,798</u>	<u>1,116,701</u>
Fund Balance – End of Year	<u>\$ 653,551</u>	<u>\$ 628,158</u>	<u>\$ 16,765</u>	<u>\$ 23,980</u>	<u>\$ 1,322,454</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Milton Township Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Activities For the Year Ended March 31, 2008

Net change in fund balances — total governmental funds	\$ 205,753
Governmental fund report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and amortization exceeded capital assets and costs of intangible assets in the current period.	(53,092)
Revenues from special assessments are recognized as revenue in the government funds as collections occur. This is the amount recognized during the period.	(6,244)
Governmental funds defer property tax revenues received more than sixty days after the year end as unavailable financial resources for the fund financial statements. In the statement of activities they are not deferred. This is the change in the deferral during the year.	9,474
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of new debt incurred less repayment of principal during the period.	<u>56,299</u>
Changes in net assets of governmental activities	<u>\$ 212,190</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Milton Township Statement of Fiduciary Net Assets March 31, 2008

Assets	<u>Agency Funds</u>
Cash and Investments	<u>\$ 24,856</u>
Total Assets	<u>24,856</u>
Liabilities	
Undistributed Taxes and Interest	<u>24,856</u>
Total Liabilities	<u>24,856</u>
Net Assets	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements

Tobin & Co.

Milton Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Milton Township is a general law township located in Antrim County. Population as of the 2000 census was 2,072, and the current state equalized valuation and taxable value for taxable property is \$472,173,700 and \$270,684,935, respectfully.

The Township's basic financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Township. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Township has presented the following governmental funds:

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds – These funds are used to account for specific governmental revenues (other than expendable trusts and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Funds – These funds are used to account for resources that are legally restricted to the extent that only the earnings, and not the principal, may be used for purposes that support the reporting government's programs.

Fiduciary Funds

These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Tobin & Co.

Milton Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund and agency fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Township considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

D. Budgets

The General Fund and Special Revenue Funds are under formal budgetary control. Budgets shown in the required supplementary schedules for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements and the required supplementary schedules, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

For budgetary purposes appropriations lapse at fiscal year end.

E. Capital Assets

Capital assets, which includes property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Tobin & Co.

Milton Township
Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets (Continued)

Assets capitalized have an original cost of \$1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	10 – 20 years
Buildings and Improvements	25 – 40 years
Vehicles	5 – 10 years
Machinery and Equipment	5 – 10 years
Furniture and Equipment	3 – 10 years

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to, and collected by, the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect. It is the policy of the Township to record the real property taxes in the year of levy.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage Rate
General Operating	\$472,173,700	\$270,684,935	.9310
Fire Protection	\$469,593,350	\$268,104,585	1.0000
Ambulance Service	\$472,173,700	\$270,684,935	.1970
Roads	\$472,173,700	\$270,684,935	.3000

G. Investments

At March 31, 2008, the Township had no investments.

H. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fiduciary Fund Type and Non-expendable Trust Funds consider all highly liquid investments with a remaining maturity of three months or less when purchased to be cash equivalents.

Tobin & Co.

Milton Township Notes to Financial Statements March 31, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2008.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, expenditures in three cost centers exceeded budgeted amounts.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$1,442,680 deposited with local financial institutions at March 31, 2008 with a carrying value of \$1,325,626. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had \$1,242,680 of uninsured deposits at March 31, 2008.

Tobin & Co.

Milton Township Notes to Financial Statements March 31, 2008

NOTE 4 - CAPITAL/INTANGIBLE ASSETS

	<u>3/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/08</u>
Governmental Activities:				
Land	\$ 383,805	\$ -	\$ -	\$ 383,805
Buildings and Improvements	850,472	1,800	-	852,272
Machinery and Equipment	241,931	38,421	-	280,352
Office Furniture and Equipment	9,326	-	-	9,326
Vehicles	<u>1,092,161</u>	<u>20,844</u>	<u>-</u>	<u>1,113,005</u>
Total	2,577,695	61,065	-	2,638,760
Less Accumulated Depreciation	<u>(932,171)</u>	<u>(134,062)</u>	<u>-</u>	<u>(1,066,233)</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,645,524</u>	<u>\$ (72,997)</u>	<u>\$ -</u>	<u>\$ 1,572,527</u>
Intangible Assets:				
Roads	\$ 367,805	\$ 35,688	\$ -	\$ 403,493
Less Accumulated Amortization	<u>(41,322)</u>	<u>(15,783)</u>	<u>-</u>	<u>(57,105)</u>
Intangible Assets, Net	<u>\$ 326,483</u>	<u>\$ 19,905</u>	<u>\$ -</u>	<u>\$ 346,388</u>

NOTE 5 - LONG-TERM DEBT

A summary of long-term debt principal maturities and interest requirements is as follows:

<u>Year Ending</u>	<u>Weathertop</u>	<u>Land Contract</u>	<u>Land Contract</u>	<u>Fire Truck</u>	<u>Total</u>
March 31, 2009	\$ 39,519	\$ 6,700	\$ 2,592	\$ 70,638	\$ 119,449
March 31, 2010	38,081	6,700	-	70,638	115,419
March 31, 2011	36,644	6,700	-	70,638	113,982
March 31, 2012	35,206	6,700	-	70,876	112,782
March 31, 2013	33,769	6,578	-	-	40,347
Thereafter	<u>163,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,575</u>
Total	346,794	33,378	2,592	282,790	665,554
Less Interest	<u>81,794</u>	<u>3,651</u>	<u>277</u>	<u>24,747</u>	<u>110,469</u>
	<u>\$ 265,000</u>	<u>\$ 29,727</u>	<u>\$ 2,315</u>	<u>\$ 258,043</u>	<u>\$ 555,085</u>

NOTE 6 - LOANS AND TRANSFERS BETWEEN FUNDS

There were no inter-fund loans, advances or transfers during the audit year.

NOTE 7 - INVENTORIES

Milton Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

Tobin & Co.

Milton Township Notes to Financial Statements March 31, 2008

NOTE 8 - RETIREMENT PLAN

The Township participates in a defined pension plan for Michigan Township employees through Manufacturers Life Insurance Company. Listed below is a summary of the significant plan provisions as amended by Board resolution effective June 1, 2002:

A. Eligibility Requirements

1. Attained age of 18.
2. No minimum service requirement.
3. All elected officials and full-time employees, except firemen and seasonal employees.

B. Contributions

1. 10% of annual compensation is funded annually.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.

C. Vesting

1. Contributions are vested to the employee immediately upon entering the plan..

D. Plan Administration

1. The plan is administered by the Township Supervisor and Clerk. During the year ended March 31, 2008, the total Township contribution for the plan year, June 1, 2007 to May 31, 2008 was \$17,270. Covered payroll for the year was \$172,087 with total payroll of \$228,471 for all employees. The plan was funded at the required contribution amount.

NOTE 9 - ACCOUNTS/TAXES RECEIVABLE

Delinquent taxes receivable of \$22,190 in the General Fund and \$19,726 in the Special Revenue Funds, represent 2007 real property tax and property tax administration fees returned delinquent to the County Treasurer for collection as of March 1, 2008.

NOTE 10 - PROPERTY TAX ADMINISTRATION FEES

As permitted by statute, the Township levied a 1% administration fee on all 2007 property taxes. This fee may be used only to offset such property tax administration expenses as assessing, collecting, and the review and appeal process. Fee collections exceeded expenditures for the year by \$5,200, and at March 31, 2008 accumulated fee expenditures exceeded collections by \$90,784.

NOTE 11 - CONTINGENT LIABILITIES

Township officials are aware of no contingent liabilities as of March 31, 2008.

NOTE 12- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 13- COMPENSATED ABSENCES

The Township provides no compensated absences.

NOTE 14- PRIOR PERIOD ADJUSTMENT

An adjustment was made of the General Fund balance as of March 31, 2007 to correct an error in recording accounts payable.

SUPPLEMENTAL DATA SECTION

Tobin & Co.

Milton Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1
Page 1

	Budgetary Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Taxes:				
Current Taxes	\$ 224,675	\$ 224,675	\$ 233,002	\$ 8,327
Delinquent Taxes	14,135	14,135	14,843	708
Roads	-	-	75,128	75,128
Ambulance	50,522	50,522	52,320	1,798
Library	101,057	101,057	6,084	(94,973)
Property Tax Administration Fees	71,983	71,983	76,085	4,102
Licenses and Fees	4,000	4,000	3,125	(875)
State Grants:				
State Shared Revenues	140,000	140,000	142,554	2,554
Metro Act	-	-	6,360	6,360
Charges for Services	4,700	4,700	6,154	1,454
Summer Tax Collection Fee	6,987	6,987	7,663	676
Cable TV Franchise Fees	15,000	15,000	27,832	12,832
Interest and Rents:				
Earned Interest	30,000	30,000	13,674	(16,326)
Rents and Royalties	1,600	1,600	1,390	(210)
Other:				
Miscellaneous	10,500	10,500	20,078	9,578
Total Revenues	675,159	675,159	686,292	11,133
Expenditures				
Legislative:				
Township Board:				
Salaries and Wages	-	-	4,910	-
Legal and Audit	-	-	13,438	-
Dues	-	-	4,294	-
Printing and Publishing	-	-	2,211	-
Other Expenses	-	-	6,159	-
Total	26,700	26,700	31,012	(4,312)
Total Legislative	26,700	26,700	31,012	(4,312)
General Government:				
Township Supervisor:				
Salaries and Wages	-	-	22,002	-
Education and Other	-	-	1,366	-
Total	23,502	23,502	23,368	134
Elections:				
Salaries and Wages	-	-	945	-
Office Supplies	-	-	214	-
Education	-	-	442	-
Miscellaneous	-	-	397	-
Total	2,050	2,050	1,998	52

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Milton Township
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended March 31, 2008

Schedule 1
Page 2

	Budgetary Amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>Expenditures (Continued)</u>				
General Government (Continued):				
Assessor:				
Salary	-	-	31,200	-
Legal	-	-	719	-
Supplies	-	-	978	-
Computer Services	-	-	3,501	-
Total	37,850	37,850	36,398	1,452
Clerk:				
Salaries and Wages	-	-	24,275	-
Contracted Services	-	-	564	-
Education	-	-	237	-
Miscellaneous	-	-	303	-
Total	27,690	27,690	25,379	2,311
Board of Review:				
Salaries and Wages	-	-	850	-
Printing and Publishing	-	-	76	-
Miscellaneous	-	-	33	-
Total	1,500	1,500	959	541
Treasurer:				
Salaries and Wages	-	-	29,355	-
Postage	-	-	3,098	-
Telephone	-	-	243	-
Computer Services	-	-	2,550	-
Travel	-	-	120	-
Total	36,292	36,292	35,366	926
Township Hall and Grounds:				
Salaries and Wages	-	-	5,400	-
Contracted Services	-	-	780	-
Telephone	-	-	3,943	-
Utilities	-	-	6,749	-
Maintenance and Repairs	-	-	10,678	-
Total	34,250	29,750	27,550	2,200

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Milton Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1
Page 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Expenditures (Continued)</u>	<u>Original</u>	<u>Final</u>		
General Government (Continued):				
Planning and Zoning:				
Salaries and Wages	-	-	55,193	-
Office Supplies	-	-	169	-
Legal	-	-	7,496	-
Printing and Publishing	-	-	2,085	-
Education	-	-	1,997	-
Miscellaneous	-	-	666	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>114,300</u>	<u>114,300</u>	<u>67,606</u>	<u>46,694</u>
Cemetery:				
Salaries and Wages	-	-	3,000	-
Supplies	-	-	133	-
Utilities	-	-	101	-
Maintenance and Repairs	-	-	6,816	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>14,800</u>	<u>14,800</u>	<u>10,050</u>	<u>4,750</u>
Total General Government	<u>292,234</u>	<u>287,734</u>	<u>228,674</u>	<u>59,060</u>
Public Safety:				
Fire and Ambulance:				
Contracted Services – Ambulance	<u>50,522</u>	<u>50,522</u>	<u>50,559</u>	<u>(37)</u>
Total Public Safety	<u>50,522</u>	<u>50,522</u>	<u>50,559</u>	<u>(37)</u>
Public Works:				
Roads	40,000	40,000	35,688	4,312
Street Lights	2,500	2,500	1,999	501
Cleanup and Recycling	<u>38,000</u>	<u>38,000</u>	<u>37,965</u>	<u>35</u>
Total Public Works	<u>80,500</u>	<u>80,500</u>	<u>75,652</u>	<u>4,848</u>
Recreation and Culture:				
Parks and Accesses:				
Salaries and Wages	-	-	17,146	-
Supplies	-	-	4,831	-
Contracts	-	-	3,716	-
Repair and Maintenance	-	-	20,463	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Parks and Accesses	<u>46,709</u>	<u>35,009</u>	<u>46,156</u>	<u>(11,147)</u>
Library	<u>101,057</u>	<u>101,057</u>	<u>6,084</u>	<u>94,973</u>
Total Recreation and Culture	<u>147,766</u>	<u>136,066</u>	<u>52,240</u>	<u>83,826</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Milton Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund For the Year Ended March 31, 2008

Schedule 1
Page 4

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Expenditures (Continued)</u>				
Other:				
Payroll Taxes and Fringe Benefits	34,500	64,500	68,739	(4,239)
Insurance	50,000	20,000	19,915	85
Debt Service	-	6,700	9,290	(2,590)
Capital Outlay	-	9,500	16,027	(6,527)
Contingency	<u>20,000</u>	<u>20,000</u>	<u>1,400</u>	<u>18,600</u>
Total Other	<u>104,500</u>	<u>120,700</u>	<u>115,371</u>	<u>5,329</u>
Total Expenditures	<u>702,222</u>	<u>702,222</u>	<u>553,508</u>	<u>148,714</u>
Excess Revenues (Expenditures)	(1) <u>\$ (27,063)</u>	<u>\$ (27,063)</u>	132,784	<u>\$ 159,847</u>
Fund Balance – Beginning of Year			<u>520,767</u>	
Fund Balance – End of Year			<u>\$ 653,551</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Milton Township Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Fire Fund For the Year Ended March 31, 2008

Schedule 2

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes:				
Current Taxes	\$ 235,504	\$ 235,504	\$ 247,710	\$ 12,206
Delinquent Taxes	14,820	14,820	14,821	1
Interest and Rents:				
Earned Interest	5,000	5,000	23,954	18,954
Other:				
Donations and Miscellaneous	-	-	5,272	5,272
Total Revenues	<u>255,324</u>	<u>255,324</u>	<u>291,757</u>	<u>36,433</u>
<u>Expenditures</u>				
Salaries and Wages	37,100	37,100	33,715	3,385
Payroll Taxes	2,900	2,900	2,579	321
Supplies – Including Medical	8,000	8,000	6,223	1,777
Professional Services	1,500	1,500	113	1,387
Building and Grounds	5,600	5,600	2,081	3,519
Telephone	2,500	2,500	2,181	319
Memberships and Dues	1,000	1,000	812	188
Insurance	14,000	14,000	10,176	3,824
Utilities	10,000	10,000	9,360	640
Maintenance and Repairs	16,500	16,500	17,184	(684)
Education	9,500	9,500	4,425	5,075
Miscellaneous	26,400	26,400	10,265	16,135
Capital Outlay	59,000	59,000	43,436	15,564
Debt Service Payments	<u>71,000</u>	<u>71,000</u>	<u>70,638</u>	<u>362</u>
Total Expenditures	<u>265,000</u>	<u>265,000</u>	<u>213,188</u>	<u>51,812</u>
Excess Revenues (Expenditures)	(1) <u>\$ (9,676)</u>	<u>\$ (9,676)</u>	78,569	<u>\$ 88,245</u>
Fund Balance – Beginning of Year			<u>549,589</u>	
Fund Balance – End of Year			<u>\$ 628,158</u>	
(1) Budgeted from Fund Balance				

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Milton Township
Statement of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual
Weathertop Special Assessment District
For the Year Ended March 31, 2008

Schedule 3

	<u>Budgetary Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Earned Interest	\$ -	\$ -	\$ 144	\$ 144
Special Assessment	<u>36,909</u>	<u>36,909</u>	<u>35,078</u>	<u>(1,831)</u>
Total	<u>36,909</u>	<u>36,909</u>	<u>35,222</u>	<u>(1,687)</u>
<u>Expenditures</u>				
Public Works	-	-	48	(48)
Debt Service	<u>-</u>	<u>-</u>	<u>40,956</u>	<u>(40,956)</u>
Total	<u>-</u>	<u>-</u>	<u>41,004</u>	<u>(41,004)</u>
Excess Revenues (Expenditures)	<u>\$ 36,909</u>	<u>\$ 36,909</u>	<u>(5,782)</u>	<u>\$ (42,691)</u>
Fund Balance -- Beginning of Year			<u>22,547</u>	
Fund Balance -- End of Year			<u>\$ 16,765</u>	

The Notes to the Basic Financial statements are an integral part of this statement.

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Milton Township Combining Balance Sheet Non-Major Governmental Funds March 31, 2008

Schedule 4

<u>Assets</u>	<u>Special Revenues</u>			<u>Total</u>
	<u>Parks</u>	<u>Liquor Law Enforcement</u>	<u>Farmland Preservation</u>	
Cash and Cash Equivalents	\$ 14,279	\$ 6,660	\$ 3,041	\$ 23,980
Total Assets	<u>\$ 14,279</u>	<u>\$ 6,660</u>	<u>\$ 3,041</u>	<u>\$ 23,980</u>
 <u>Liabilities and Fund Equity</u>				
Liabilities:	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity:				
Fund Balance – Reserved	-	-	-	-
Fund Balance – Unreserved	<u>14,279</u>	<u>6,660</u>	<u>3,041</u>	<u>23,980</u>
Total	<u>14,279</u>	<u>6,660</u>	<u>3,041</u>	<u>23,980</u>
Total Liabilities and Fund Balance	<u>\$ 14,279</u>	<u>\$ 6,660</u>	<u>\$ 3,041</u>	<u>\$ 23,980</u>

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Milton Township
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
March 31, 2008

Schedule 5

<u>Revenues</u>	<u>Special Revenues</u>			<u>Total</u>
	<u>Parks</u>	<u>Liquor Law Enforcement</u>	<u>Farmland Preservation</u>	
Grants	\$ -	\$ 1,195	\$ -	\$ 1,195
Contributions	150	-	-	150
Total	150	1,195	-	1,345
<u>Expenditures</u>				
Public Safety	-	1,163	-	1,163
Total	-	1,163	-	1,163
<u>Excess Revenues (Expenditures)</u>	150	32	-	182
Fund Balance – Beginning of Year	14,129	6,628	3,041	23,798
Fund Balance – End of Year	\$ 14,279	\$ 6,660	\$ 3,041	\$ 23,980

The Notes to the Basic Financial statements are an integral part of this statement.

Tobin & Co.

Milton Township
Statement of Changes in Assets and Liabilities
Current Tax Collection Fund
For the Year Ended March 31, 2008

Schedule 6

	Balance 3/31/07	Additions	Deductions	Balance 3/31/08
<u>Assets</u>				
Cash	\$ 6,484	\$ 7,705,985	\$ 7,687,613	\$ 24,856
Total Assets	\$ 6,484	\$ 7,705,985	\$ 7,687,613	\$ 24,856
 <u>Liabilities</u>				
Undistributed Taxes and Interest	\$ 6,484	\$ 7,705,985	\$ 7,687,613	\$ 24,856
Total Liabilities	\$ 6,484	\$ 7,705,985	\$ 7,687,613	\$ 24,856

The Notes to the Basic Financial statements are an integral part of this statement.

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Milton Township
2007 Property Tax Levy and Collections
For the Year Ended March 31, 2008

Schedule 7

	<u>Millage Rate</u>	<u>Adjusted Levy</u>	<u>Collected</u>	<u>Returned Delinquent</u>
County Tax	5.1353	\$ 1,386,147	\$ 1,321,277	\$ 64,870
Commission on Aging	0.3734	102,639	95,170	7,469
Medical Care Facility	0.7203	215,930	200,216	15,714
School District Tax	20.3900	3,082,413	2,922,092	160,321
State Education	6.0000	1,619,558	1,543,764	75,794
Intermediate School District	2.9334	791,778	754,723	37,055
District Library	0.4000	107,958	100,102	7,856
Township Taxes				
- General	0.9310	251,288	233,002	18,286
- Fire Protection	1.0000	267,336	247,710	19,626
- Ambulance	0.1970	53,161	49,293	3,868
- Roads	0.3000	80,965	75,074	5,891
- Property Tax Administration Fee		<u>76,889</u>	<u>72,985</u>	<u>3,904</u>
Total		<u>\$ 8,036,062</u>	<u>\$ 7,615,408</u>	<u>\$ 420,654</u>
Percent of Levy Collected	94.77%			
State Equalized Value		\$472,173,700		
Taxable Value		\$270,684,935		

The Notes to the Basic Financial Statements are an integral part of this statement.

Tobin & Co.

Milton Township
Statement of Revenues, Expenditures and Balance
Property Tax Administration Fees
For the Year Ended March 31, 2008

Schedule 8

Revenues

Property Tax Administration Fees	\$ 76,085
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Total Revenues	<u>76,085</u>
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Expenditures

Assessor (100%)	36,398
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Board of Review (100%)	959
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Treasurer – (75%)	22,016
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Supervisor (15%)	3,505
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Clerk (5%)	1,269
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Postage and Supplies	3,098
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Contract Services (100%)	2,550
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Travel (75%)	90
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Education (75%)	-
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Insurance, Utilities and Use of Building	<u>1,000</u>
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Total	<u>70,885</u>
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Excess Revenues (Expenditures)	5,200
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Excess Revenues (Expenditures) – Prior Years	<u>(95,984)</u>
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Accumulated Excess Revenues (Expenditures)	<u>\$ (90,784)</u>
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The Notes to the Financial Statements are an integral part of this statement.

Tobin & Co.

To the Township Board
Milton Township
Antrim County
Kewadin, Michigan 49648

We have audited the financial statements of Milton Township for the year ended March 31, 2008 and have issued our report thereon dated July 29, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 20, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist but not be detected by us.

As part of our audit, we considered the internal control of Milton Township. Such consideration was solely for the purpose of determining our audit procedures and to provide any assurance concerning such internal control. However, in addition to our comments and recommendations and notes to the financial statements, certain items regarding the control procedures of the Township came to our attention, and we wish to address these at this time.

Internal Control

In planning and performing our audit, we considered the internal control over financial reporting of the Township as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider each of the following significant deficiencies to be a material weakness.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the Township administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

Reporting Financial Data

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Township has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Township has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Township has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other townships of its size.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Milton Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended March 31, 2008. We noted no transactions entered into by the Township during the year that were both significant and unusual and of which, under professional standards, we are required to inform you, or transaction for which there is a lack of authoritative guidance or consensus.

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Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, none of management's estimates are considered to be particularly sensitive.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Township's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Township, either individually or in the aggregate, indicates matters that could have a significant effect on the Township's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Township Board and management of Milton Township and is not intended to be and should not be used by anyone other than these specified parties.

Tobin & Co., P.C.

Tobin & Co., P.C.

July 29, 2008